

ANNUAL REPORT TO STOCKHOLDERS

1957



BOARDS

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THE COCA-COLA COMPANY
NEW YORK, NEW YORK

1957

Annual Report

THE COCA-COLA COMPANY

AND ITS SUBSIDIARIES



Entrance Atlanta Office and Syrup Plant

Whoever you are,
Whatever you do,
Wherever you may be,
When you think of refreshment,
Think of Coca-Cola
For Coca-Cola makes any pause,
The Pause That Refreshes
And ice-cold Coca-Cola is everywhere.

Have a Coke—so good in taste, in such good taste



Keep Coca-Cola handy...ready to make guests feel at home!



Coca-Cola is now available in King Size, too, in most parts of the U. S. A. Keep both Regular and King Size on hand.

Everybody knows the special personality that belongs to Coke. • The world-famous bottle has a promise all its own . . . the distinctive good taste . . . the cheerful and always welcome lift of Coke. • Yes . . . it's good to know you have plenty on hand, ice-cold, when it's time to *Have a Coke!*

SIGN OF GOOD TASTE



TRADE MARK IS A REGISTERED TRADE MARK. © 1958 THE COKA-COLA COMPANY.

The advertisement illustrated above will appear during March, and is typical of twenty-six such advertisements scheduled for 1958 in THIS WEEK, THE AMERICAN WEEKLY and twenty-eight independent Sunday magazines, with a total per issue circulation of 28,459,375.

Additional campaigns will run in other national publications such as LIFE and THE SATURDAY EVENING POST. The total of all magazine advertising for 1958 will represent the largest dollar expenditures ever made in any one year in any one medium in the history of The Company.

The advertisement reproduced here carries nationally, for the first time, the announcement of the availability "in most parts of the U.S.A." of the new King-Size package.

The Coca-Cola Company

Board of Directors

H. B. NICHOLSON, *Chairman*

A. A. ACKLIN	BERNARD F. GIMBEL	HUGHES SPALDING
C. H. CANDLER, JR.	LINDSEY HOPKINS	E. W. STETSON
R. R. DEUPREE	HARRISON JONES	D. A. TURNER
JAMES A. FARLEY	JOHN T. LUPTON	GEORGE W. WOODRUFF
R. W. FREEMAN	WINSHIP NUNNALLY	R. W. WOODRUFF
	WILLIAM E. ROBINSON	

Officers

William E. Robinson	<i>President</i>
Curtis H. Gager	<i>Executive Vice President</i>
Edgar J. Forio	<i>Senior Vice President</i>
Charles W. Adams	<i>Vice President</i>
Felix W. Coste	<i>Vice President</i>
Lewis M. Dugger	<i>Vice President</i>
C. W. Hodgson	<i>Vice President</i>
M. S. Hodgson, Jr.	<i>Vice President</i>
O. E. May	<i>Vice President</i>
B. H. Oehlert, Jr.	<i>Vice President</i>
Lee Price, Jr.	<i>Vice President</i>
Harold S. Sharp	<i>Vice President</i>
E. D. Sledge	<i>Vice President</i>
John C. Staton	<i>Vice President</i>
John D. Goodloe	<i>Secretary</i>
Edmund W. Pugh, Jr.	<i>Treasurer</i>

General Counsel

JOHN D. GOODLOE

Transfer Agents

WILMINGTON TRUST COMPANY, *Wilmington, Delaware*
GUARANTY TRUST COMPANY OF NEW YORK, *New York, New York*
TRUST COMPANY OF GEORGIA, *Atlanta, Georgia*

Registrars

EQUITABLE SECURITY TRUST COMPANY, *Wilmington, Delaware*
THE CHASE MANHATTAN BANK, *New York, New York*
THE FIRST NATIONAL BANK OF ATLANTA, *Atlanta, Georgia*

THE COCA-COLA COMPANY

NEW YORK, NEW YORK

March 3, 1958

TO THE STOCKHOLDERS OF
THE COCA-COLA COMPANY:

Net profit for 1957 was \$29,919,776, or \$7.07 per share, after taxes and all other charges. Net profit for 1956 was \$29,196,584, or \$6.87 per share, including a 34¢ a share tax settlement applicable to several prior years. Dividends of \$5.00 per share were paid on the common stock during 1957.

The year 1957 was a period of steady growth for the Company. Gallon sales of Coca-Cola reached their highest level in the history of our business—both at home and abroad. Our consolidated operating profit showed a 13% gain over 1956. Gross profit for the year was the greatest in the Company's 72-year history.

Although your Company's 1956 sales accounted for a large segment of the soft drink market, the continued sales gain in 1957 enabled us to show an improvement in the Coca-Cola share of the total business. The major elements contributing to our added growth in 1957 were: the continued gains in the home market as the result of our larger bottle sizes; the steady increase in pre-mix sales; the all-time high sales of our fountain division, and the substantial expansion of our foreign business.

The widespread and increased public acceptance of Coca-Cola throughout the world is due, in large measure, we believe, to the policies to which we have constantly and conscientiously adhered: that the quality of the product be zealously maintained; that we rigidly conform to the highest traditions of integrity in our advertising and merchandising activities; that the Bottlers of Coca-Cola everywhere be good neighbors and good citizens.

The past history of this Company's growth shows that its leaders have been men of great faith, men of action who achieved the habit of success. With a deep sense of responsibility for such a heritage, we set our plans for the future.

For the Board of Directors,

WILLIAM E. ROBINSON,
President

H. B. NICHOLSON,
Chairman, Board of Directors

GENERAL COMMENT

Expense

Despite the continuing expansion of our over-all operations and particularly our foreign business, expenses were rigidly controlled. The resulting increased efficiency enabled us to get added benefit from our expense dollars in many areas of our business.

Our programs for increased efficiency, modernization of plant and equipment are continuous. While zealously maintaining the high quality requirements for our product, the Production Department continued to improve its rate of efficiency.

One of our major items of expense is freight. Despite many increases in rates, our Traffic Department was able to overcome added charges by skillful and resourceful re-scheduling of our shipments.

By conscientious and diligent effort, the Purchasing Department continued its excellent record throughout the year.

Sales

During the past several years, the Bottlers of Coca-Cola have had to adjust themselves to many new conditions in the market place. The new bottle sizes, the development of pre-mix, the decentralization of population and shopping areas, increased competition, and new pricing problems have called for a high degree of flexibility and quick adjustment to these new factors.

In collaboration with the Company's field forces, Coca-Cola Bottlers have met these new conditions with a marked degree of success, and they are moving forward to take advantage of the inherent growth potentials of Coca-Cola. Over the years, by and large, the Coca-Cola Bottlers have gained strength in public confidence through their devotion to quality, good service and fine dealer relations. They are prepared to attain their full share of the larger volume that will accrue from these solid accomplishments and the many positive factors in our business. Not the least of these is the population growth of the United States, where a new person is added every twelve seconds.

Quality Control

The conscientious dedication to the quality of our product is the foundation stone of the Company's past progress and a key factor in its future growth. A brief summary of our Quality Control operations will be found on page 13 of this report.

Foreign Business

Our operations outside the United States continue to move forward at an accelerated rate. In 1957 new records were set both in sales and in profits. In 1957, 27 new bottling plants were established in twenty countries, six of these countries being new lands now taking their place in the ever-growing list where Coca-Cola in bottles is available. There are now over 600 bottling plants outside the United States, operating in over 100 foreign lands, and accounting for approximately one-third of the total world sales. Of the number of world markets selling over 1,000,000 cases of Coca-Cola annually, nearly half are in cities outside the United States. More than 300 of the overseas bottling plants are bottling Coca-Cola not only in the regular size bottle, but also in the larger bottles, and this number will materially increase during 1958.

In practically every case, the Coca-Cola bottling plants overseas are owned and operated by outstanding local citizens and community leaders. The Bottlers have invested their own capital in their plants. They pay their share of advertising costs. They employ fellow citizens in their plants and offices and on their trucks.

We are especially proud of the brilliant accomplishments of Coca-Cola personnel in the foreign field. They have set a fine example of what free enterprise and equitable partnership can accomplish in many nations beyond our borders.

Personnel

In its efforts to ensure the continued progress of the business, your management recognizes that our growth will be in direct proportion to the growth and development of the individuals who make up our organization. To that end, we are engaged in programs for

individual development, for executive as well as non-executive personnel. Personal performance and progress are periodically examined with a view toward the development and the advancement of the individual.

Advertising

The advertising of Coca-Cola during 1957 was, as in the past, the most dominant and far-reaching in the beverage field. More emphasis was given to our continuing theme, "Sign of Good Taste"—while our copy and art portrayed the many and varied occasions on which Coca-Cola is enjoyed and appreciated.

"The Pause that Refreshes" continues to be prominently identified to remind the public of those pleasant moments in which Coke provides a welcome little lift.

It is our belief that in the last thirty years the public, at all income levels, has made great strides in its consciousness of good taste in clothes, home furnishings, food, and the usual accessories of living. This cultural advance provides an opportunity to project Coca-Cola as an appropriate and desirable adjunct to entertainment, hospitality and mealtime enjoyment. The serving of Coca-Cola is indeed a social amenity—a sign of good taste. At the same time, it has become the most popular refreshment beverage in the world.

Outlook

Despite the worst weather conditions in many years at the beginning of 1958, your management is optimistic about the continued progress of our business. The basic elements in our economy are still sound and healthy, and we expect to see an upward trend in over-all consumer business. However, this could be blocked by negative and pessimistic attitudes which might result in a psychological depression. This has happened before and it could happen again. On balance, we believe the natural constructive factors will prevail.

Consolidated Balance Sheet

THE COCA

DECEMBER 31, 1957

ASSETS

CURRENT:

Cash \$ 28,451,436

Government securities—at cost:

United States and Canadian
(market price \$58,947,255) 58,369,377

Trade accounts receivable

(less allowance of \$168,183) 18,109,181

Inventories

(at lower of average cost or market) 33,564,780

TOTAL CURRENT ASSETS \$138,494,774

MISCELLANEOUS RECEIVABLES AND INVESTMENTS 9,303,547

PROPERTY, PLANT AND EQUIPMENT:

At Cost:

Land \$ 5,536,819

Buildings 44,803,171

Machinery and equipment 71,324,495

Containers 14,519,617

\$136,184,102

Less allowance for depreciation 59,260,197 76,923,905

FORMULAE, TRADE-MARK AND GOODWILL—at cost 40,126,675

DEFERRED CHARGES 4,617,733

\$269,466,634

Notes to Financial Stat

COLA COMPANY and its CONSOLIDATED SUBSIDIARIES

LIABILITIES

CURRENT:

Accounts payable and accrued accounts	\$ 19,856,999	
Notes payable by subsidiaries		1,501,886
Accrued taxes—including taxes on income	\$ 30,590,981	
Less U. S. Government securities for payment of income taxes	18,595,621	<u>11,995,360</u>
TOTAL CURRENT LIABILITIES	\$ 33,354,245	

RESERVES:

For unremitted foreign profits	\$ 34,811,152	
For employees' retirement plan	<u>219,532</u>	35,030,684

MINORITY INTERESTS IN SUBSIDIARIES	289,048
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CAPITAL STOCK AND SURPLUS:

Common stock—no par value:

Authorized . . . 5,000,000 shares		
Issued 4,280,805 shares	\$ 26,755,031	
Capital surplus	1,825,112	
Earned surplus	<u>177,725,686</u>	
	\$206,305,829	
Less 51,227 shares of stock owned by Company—at cost	<u>5,513,172</u>	<u>200,792,657</u>
		<u>\$269,466,634</u>

ements appear on page 11

The Coca-Cola Company and its
CONSOLIDATED SUBSIDIARIES

Year ended
December 31, 1957

CONSOLIDATED PROFIT AND LOSS STATEMENT

GROSS PROFIT	\$165,268,656	
Selling, administrative and general expenses	98,952,727	
OPERATING PROFIT	\$ 66,315,929	
Other deductions	\$4,869,156	
Less other income	4,042,003	827,153
PROFIT BEFORE TAXES ON INCOME	\$ 65,488,776	
Provision for taxes on income	35,569,000	
NET PROFIT	\$ 29,919,776	

CONSOLIDATED EARNED SURPLUS STATEMENT

Balance—December 31, 1956	\$168,969,800	
Net profit for the year 1957	29,919,776	
	\$198,889,576	
DEDUCTIONS		
Dividends paid in cash:		
Mar. 29, 1957—\$1.00 per share	\$ 4,280,805	
June 28, 1957—\$1.00 per share	4,280,805	
Sept. 30, 1957—\$1.00 per share	4,280,805	
Dec. 13, 1957—\$1.00 per share plus \$1.00 per share additional	8,561,610	
	\$21,404,025	
Less dividends on shares owned by Company during year	240,135	21,163,890
EARNED SURPLUS—DECEMBER 31, 1957	\$177,725,686	

Notes to Financial Statements appear on page 11

Notes to Financial Statements

1. *Foreign Operations.* The consolidated balance sheet includes the following amounts with respect to subsidiaries and branches operating in foreign countries: current assets, \$39,502,765 (including cash and government securities totaling \$22,044,875); property, plant, and equipment at depreciated cost, \$31,650,545; other assets, \$4,569,833; and liabilities, \$20,754,645. Property accounts have been converted at rates of exchange prevailing at dates of acquisition and all other assets and liabilities at approximate rates of exchange prevailing at December 31, 1957.

In accordance with the Company's established policy, consolidated net profit includes the entire net profits of the Canadian and Cuban subsidiaries, but includes net profits of other foreign operations only to the extent such profits have been remitted to the Company. Accordingly, the other deductions account in the consolidated profit and loss statement includes a provision for an addition to the reserve for unremitted foreign profits in the amount of \$4,084,776, representing foreign profits earned but unremitted in 1957.

2. *Capital Stock.* The Company in 1955 reserved 225,000 shares of either or both treasury and authorized but unissued common stock for sale under employees' stock options, to certain officers and employees of the Company and its subsidiaries at market prices on the option granting dates. Options for up to ten years each have been granted at prices varying from \$112.125 to \$137.25 per share, including 2,500 shares granted during the year 1957. At December 31, 1956, options for 141,578 shares were outstanding. During the year 1957, options for 3,869 shares were cancelled as a result of retirement, death or resignation; no options were exercised. At December 31, 1957, options for 140,209 shares were outstanding, of which 45,583 shares represented the exercisable portion of options. The number of shares reserved for ungranted options at the beginning and end of 1957 was 83,422 and 84,791 respectively.

3. *Depreciation.* Provision for depreciation in the amount of \$8,825,060 was charged to manufacturing and other expenses.

ERNST & ERNST

ACCOUNTANTS-AUDITORS
MANAGEMENT SERVICES

OFFICES IN PRINCIPAL CITIES
ASSOCIATES IN FOREIGN COUNTRIES

TO THE BOARD OF DIRECTORS
THE COCA-COLA COMPANY
NEW YORK, NEW YORK

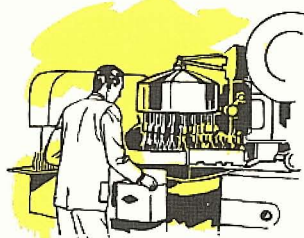
We have examined the consolidated financial statements of THE COCA-COLA COMPANY and its consolidated subsidiaries as of December 31, 1957. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of profit and loss and earned surplus present fairly the consolidated position of THE COCA-COLA COMPANY and its subsidiaries at December 31, 1957, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST
Certified Public Accountants

March 3, 1958

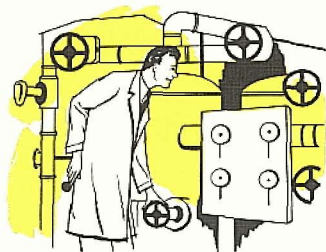
Leadership is many things



Every manufacturing operation is carefully supervised by experts.



Chemists in syrup plants make continuous tests of ingredients for taste, strength and purity.



Water is treated by the most modern processes to remove all elements which might affect taste.

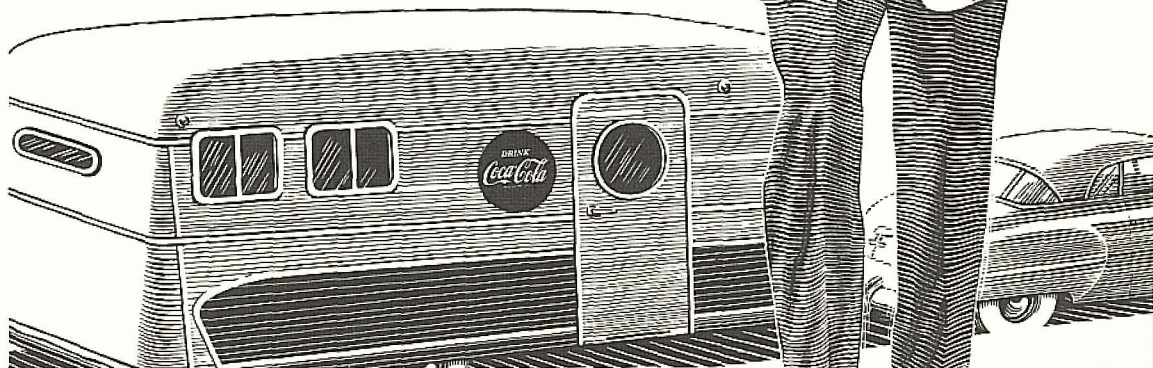
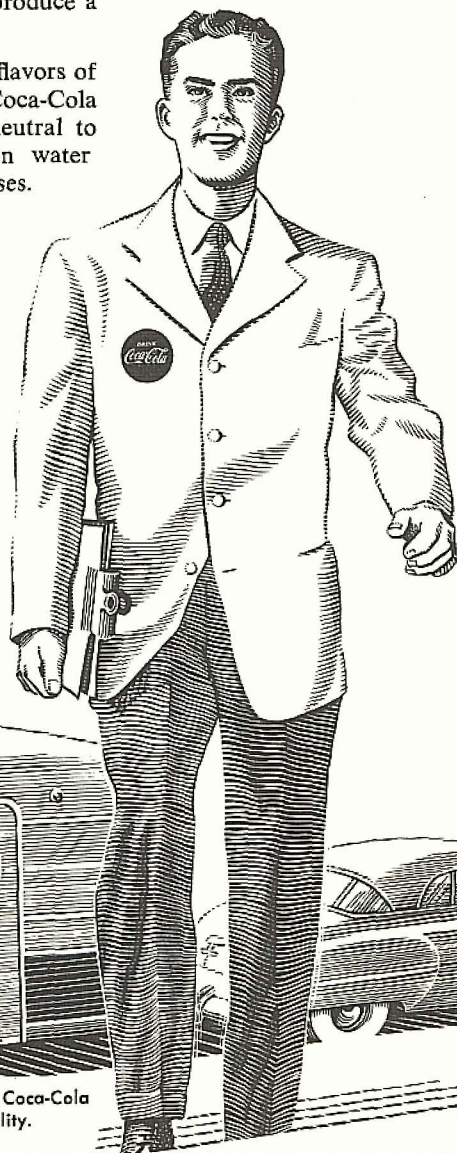
Seventy-two years ago a pharmacist in Atlanta, Georgia, blended the delicate flavors from nine sunny climes to create a distinctive new drink—Coca-Cola. It was one man's idea—one man's labor.

In the beginning, the amount of Coca-Cola needed to satisfy the initial demand was small. The pharmacist had ample time to control the quality of the new beverage—he, himself, dispensed it to his patrons. But as growth took place, the lone pharmacist gave way to chemists and engineers—for it has ever been a guiding principle of the business that the unequaled quality of Coca-Cola must be constantly safeguarded and maintained.

That very principle, in turn, accelerated growth. White-tiled laboratories, where test and analysis quietly went their way, appeared on the scene. Stainless steel displaced wood and iron. Water, which varies so much from one community to another, was treated to produce a uniform standard of quality.

In order to protect the delicate flavors of the product, the water used in Coca-Cola must be not only pure but also neutral to the taste. Bottling plants condition water with modern water-treating processes.

Today, The Coca-Cola Company and Coca-Cola bottling plants are staffed with experts in quality control, in production and in the training of employees to maintain the highest quality and purity. They all work toward a single objective; to bring you delicious and refreshing Coca-Cola in every bottle—wholesome and pure for your satisfying enjoyment!



Chemists and engineers of the Traveling Laboratories make frequent visits to Coca-Cola bottling plants to insure the maintenance of the highest standard of quality.

Have a Coke—so good in taste, in such good taste



“Meet you at the fountain, right after class”

Yes, “Have a Coke” . . . It’s an invitation as traditional as Coca-Cola itself . . . yet as fresh as today’s newspaper every time you hear it. Enjoy that world-famous taste . . . that always-welcome lift . . . let Coca-Cola brighten the moment, as only Coke can do!

SIGN OF GOOD TASTE

“SIGN” IS A REGISTERED TRADE MARK. COCA-COLA IS A TRADE MARK OF THE COCA-COLA COMPANY.



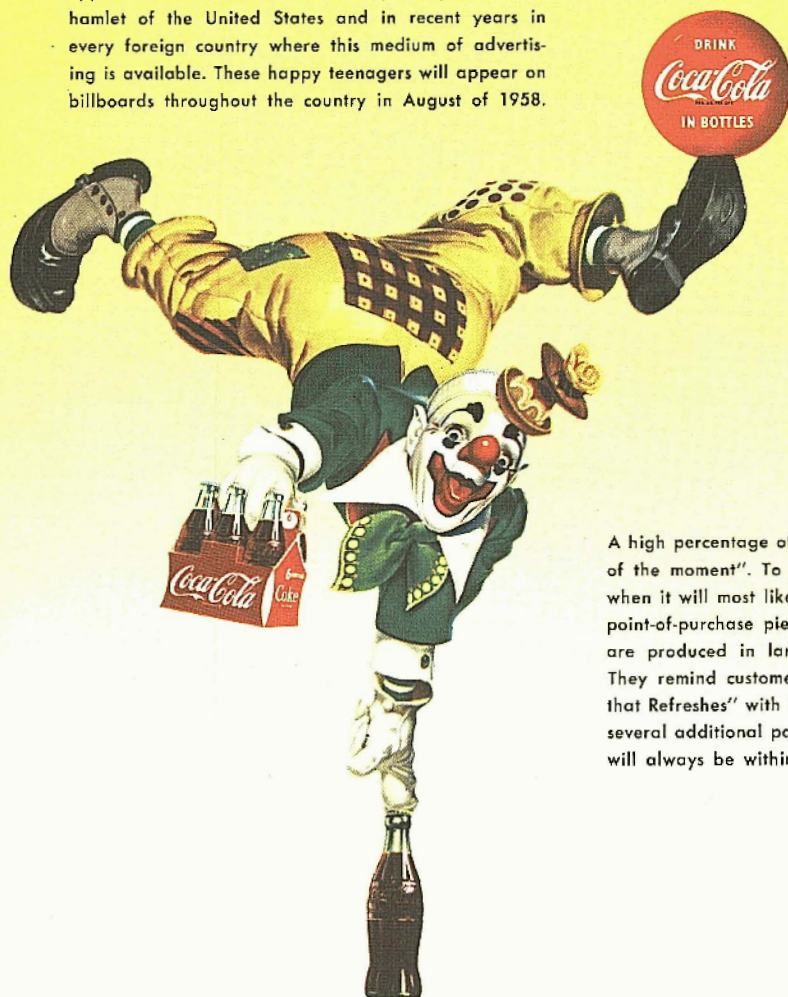
The magazine campaign running in LIFE and THE SATURDAY EVENING POST has as its principal theme the universality of Coca-Cola, its world-wide social acceptance, its “good taste” everywhere. The above advertisement is typical of twenty-six which will run in 1958 in Sunday magazines such as THE AMERICAN WEEKLY and THIS WEEK. The situations will be typical of the various important markets for Coca-Cola, such as the Home Market, the At Work Market, the At Play Market and the Travel Market. They will picture and talk about the way Coca-Cola fits in so nicely with just about any activity, anywhere, at any time.

This advertisement is typical of those which show Coca-Cola being happily consumed in outlets which dispense the product in a glass or paper cup.

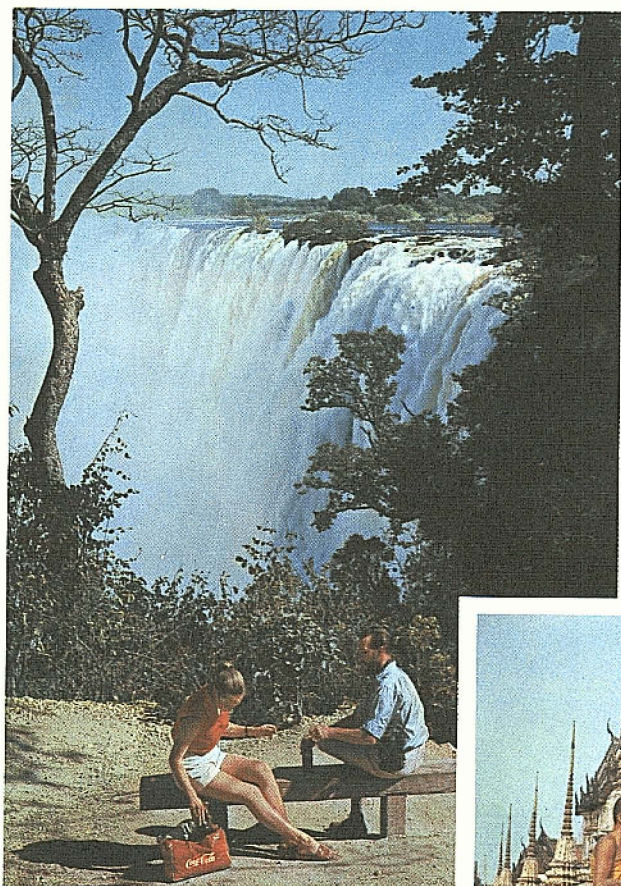
Simply terrific!



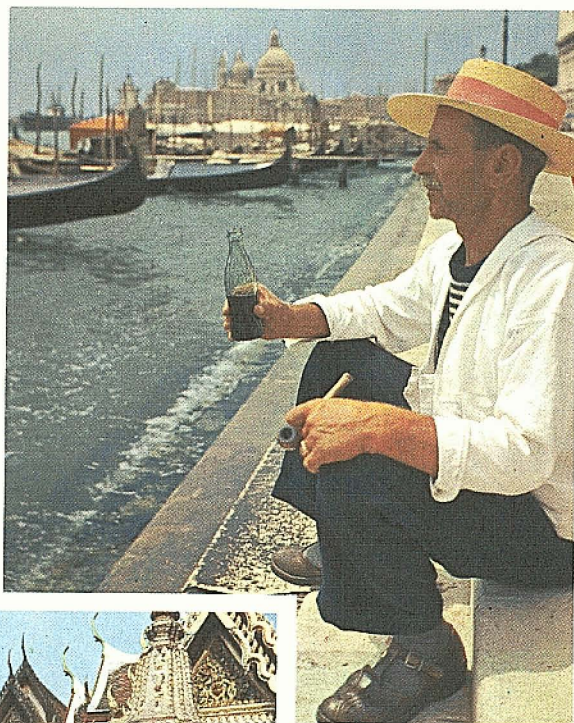
Every year since 1925, advertising for Coca-Cola has appeared on billboards in virtually every town and hamlet of the United States and in recent years in every foreign country where this medium of advertising is available. These happy teenagers will appear on billboards throughout the country in August of 1958.



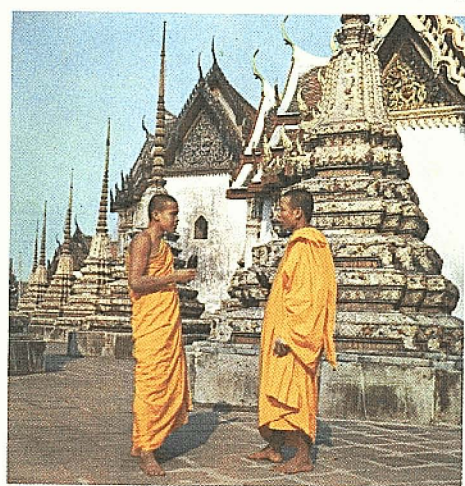
A high percentage of Coca-Cola is bought "on the spur of the moment". To see that this impulse is triggered when it will most likely result in a sale, "dealer-help", point-of-purchase pieces like this national prize-winner are produced in large quantities and great variety. They remind customers to stop and enjoy "The Pause that Refreshes" with ice-cold Coca-Cola, and to pick up several additional packages to take home so that Coke will always be within arm's reach of desire.



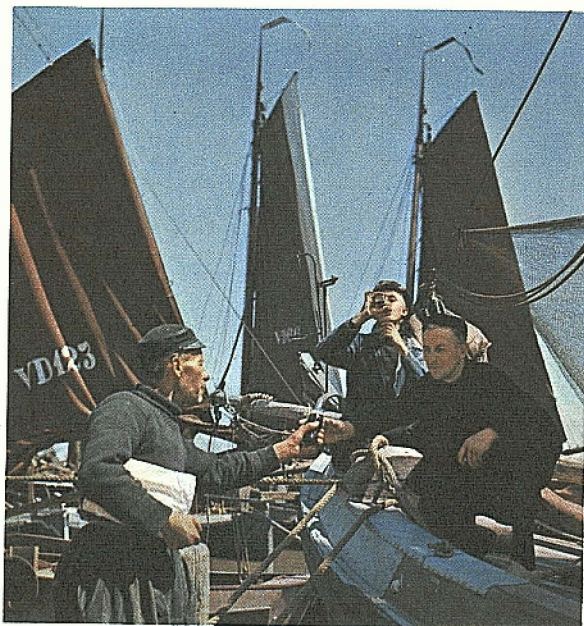
Boy meets girl close by world famous Victoria Falls in Southern Rhodesia.



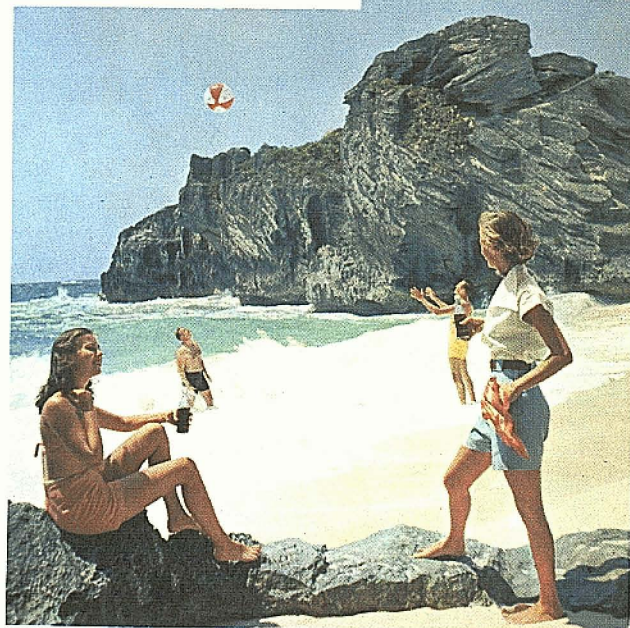
A gondolier takes time out for Coke beside the Grand Canal in Venice.



Buddhist monks pause for refreshment outside their temple in Bangkok.



Fishermen of Vollandam, Holland, prepare for a heavy catch as the fleet sets sail.



Blue water and skies and rocks mark this beautiful spot as Bermuda.

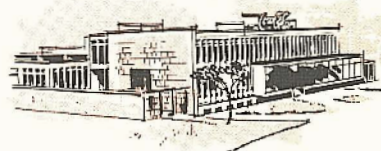


World Wide Favorite

James A. Farley, Chairman of the Board of The Coca-Cola Export Corporation, makes a presentation to Mayor William B. Hartsfield, of Atlanta, Georgia, at a City Hall ceremony, attended by members of the Mayor's official City Hall family. The ceremony was in connection with a "homecoming" business session of executives of The Coca-Cola Export Corporation from all over the world, and consisted of a presentation of more than a hundred bottles of Coca-Cola, each from a different foreign country, and representing those countries in which Coca-Cola is now bottled.

In the past few years, Coca-Cola sales in foreign lands have more than doubled. During 1957, twenty-seven new plants were opened and sales in the overseas market broke all records. They now account for approximately one-third of total world sales. Continued expansion is forecast for 1958, when it is expected that twenty or more additional plants will be placed in operation.

Some of the countries that have the largest number of Bottlers are Canada with 141, Germany with 104, Mexico with 51, Union of South Africa with 32, Brazil with 15, Australia with 14 and the Philippines with 12. More than three-hundred of the overseas plants are bottling Coca-Cola not only in the Regular size but also in the larger bottles.



Milan, Italy
Completed this
new plant in 1957

The Pause that Refreshes

